

April 17, 2019

Dear British Petroleum Representative:

Since our last exchange, we have continued to monitor social and environmental impacts in the project area of influence for the Shah Deniz expansion. As you know, this project has been financed by the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB). Crude Accountability has been monitoring the project against the Social and Environmental Policies of these International Financial Institutions, as well as against good international standards and practice. In our exchanges with EBRD, the Bank Management has directed us repeatedly to contact BP in our attempts to obtain information about the project. As part of this monitoring, we again request BP to disclose quantitative and qualitative information with relation to the Shah Deniz II project.

Looking through BP's Sustainability website, we applaud the company for adopting key social and environmental international good practice standards. BP's Human Rights Policy, which cites the International Bill of Human Rights and the UN Guiding Principles on Human Rights, is key when operating in countries like Azerbaijan, where a severely restrictive political environment makes it dangerous for citizens to exercise their fundamental human rights. None of the international financial institutions, including the EBRD and ADB, have Human Rights Policies, and we urge them to also to develop explicit policies pertaining to international human rights law.

As you know, The Constitution of Azerbaijan underscores several rights and duties of Azerbaijani citizens in relation to the environment. Article 39 of the Constitution protects the citizens' right to live in a healthy environment. Further, it underscores the right to gain information about the environmental situation, and to obtain compensation for damages to health or property. Further, Article 78 states that every citizen is responsible for the protection of the environment<sup>1</sup>. In addition, Azerbaijan has ratified the Aarhus Convention, which recognizes the rights of citizens to gain access to environmental information, participate in environmentally significant decision-making, and have access to justice in instances where information or the right to participate in decision-making has been denied<sup>2</sup>. With this legal framework in mind, we write you to obtain the necessary information on health and the environment impacted by the Shah Deniz II project.

As you may know, Crude Accountability has filed a complaint with the EBRD Accountability Mechanism on the Shah Deniz II project, citing a number of concerns regarding the EBRD Public Information Policy, Environmental and Social Policy, and Performance Requirements. Having followed the project's implementation for several years, we request responses to a number of our concerns. These are:

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<sup>1</sup> <https://www.wipo.int/edocs/lexdocs/laws/en/az/az057en.pdf>

<sup>2</sup> <http://ec.europa.eu/environment/aarhus/index.htm>

## 1. Access to Environmental Information

We are deeply concerned that community members are reporting degrading air quality as a result of the Shah Deniz II project, and associated health complications. The 2018 Monitoring Report on the Shah Deniz II project, conducted by Sustainability Pty Ltd for The Bank of China and used by the EBRD, states, “Environmental concerns raised by the stakeholders included degraded air quality from the BP ST and other industrial sources nearby. Some community members believe that poor air quality is resulting in impacts to the health of the local community with increases in some disease.... there appears to be a low level of trust in the information provided and ongoing health concerns have not been allayed by the data provided... Community members raised concern that there is no compensation of impacts on the health of residents by industrial expansion<sup>3</sup>.”

We request that BP immediately disclose quantitative data on emissions, including the data from monitoring of Volatile Organic Compounds (VOCs) over the past 5 years (since 2014) on Shah Deniz II on its website and to the local communities, appropriately, in English and Azeri.

## 2. Participation

We are deeply concerned that the Environmental and Social Management Plans (ESMPs) for the Shah Deniz II project have not been released to the community members or to the public. Disclosure of Summaries of the ESMPs is not adequate, as these documents are in English only, thus inappropriate for the local communities. Further, they do not detail the quality and quantity of community consultations, participatory monitoring, or access to information. The IFC publication, *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*<sup>4</sup> outlines good practice for engagement with local communities in general, and ESMPs specifically. These include:

- Presumption in favor of disclosure of objective, accessible, meaningful and transparent information;
- Informed participation of stakeholders including in-depth exchange of views and information, leading to joint analysis and decision-making;
- Involve project-affected stakeholders in participatory monitoring of the implementation of mitigation measures or other environmental and social programs;

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<sup>3</sup><https://www.ebrd.com/cs/Satellite?c=Content&cid=1395280795326&d=&pagename=EBRD%2FContent%2FDownloadDocument>

<sup>4</sup>[https://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC\\_StakeholderEngagement.pdf?MOD=AJPERES](https://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES)

- Reporting back to stakeholders on results of consultations, and on the results of project monitoring throughout the life of the project;
- A Stakeholder Engagement Plan should include the principles of effective engagement such as a) consideration and inclusiveness of minorities and vulnerable groups, b) appropriate dissemination of information, c) incorporation of feedback into project design, d) providing information in an appropriate way in advance of consultations, e) ensuring that the information provided is in a format and language acceptable to the local stakeholders<sup>5</sup>.

We request that BP disclose the Stakeholder Engagement Plans, Social and Environmental Management Plans, and ongoing results and documentation of stakeholder engagement to the local communities and on your website in appropriate languages and format, to ensure that stakeholder engagement at Shah Deniz II is in line with good international practice.

### 3. Grievance Mechanism

We commend BP for establishing a grievance mechanism for its operations in Azerbaijan, and for reporting on it in your annual Sustainability Reports. Again, we commend you for recognizing the UN Guiding Principles, which outline the requirements of non-state based grievance mechanisms.

We are concerned that the local grievance mechanism may not be serving adequately the communities impacted by the Shah Deniz II project. The 2018 Monitoring Report on the Shah Deniz II project, conducted by Sustainability Pty Ltd for The Bank of China, and used by the EBRD, states: “[The independent consultant] is unable to verify that the grievance mechanism is operational and effective for affected communities.... Project summary data has been provided on grievances, however the [independent consultant] has been unable to verify this issue adequately. This includes whether issues that have been raised are being further considered and incorporated in planning and operations, whether grievances are being managed/resolved within the timeframes provided in the grievance mechanism, to the acknowledgement / satisfaction of both parties, and whether grievance summary feedback is being effectively reported to affected communities.”<sup>6</sup>

In the same report, Sustainability Pty Ltd states that it is unable to verify that the entire project level grievance mechanism is operational and effective for the communities affected by SDII<sup>7</sup>.

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<sup>5</sup>[https://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC\\_StakeholderEngagement.pdf?MOD=AJPERES](https://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES)

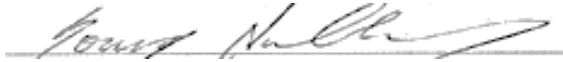
<sup>6</sup><https://www.ebrd.com/cs/Satellite?c=Content&cid=1395280795326&d=&pagename=EBRD%2FContent%2FDownloadDocument>

<sup>7</sup><https://www.ebrd.com/cs/Satellite?c=Content&cid=1395280795326&d=&pagename=EBRD%2FContent%2FDownloadDocument>

Further, BP's 2017 Sustainability Report does not capture any quantitative data about grievances from the communities impacted by the Shah Deniz II project, although 132 request letters were received from communities along the BTC pipeline route. The Sustainability Report continues to discuss community relations along the SCPX route, within the project area of influence of Shah Deniz II, but still does not quantify the numbers of grievances, nor the issues raised. Based on this information from BP's Sustainability Report, one can conclude that the grievance mechanism may be working for BTC, but not for Shah Deniz II.

We request that BP disclose, in a way that does not harm the complainants, quantitative and qualitative data on grievances filed from the communities impacted by Shah Deniz II, summaries of the grievances, and measures take to address them in a time-bound manner.

Sincerely,



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